

Message Text

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PAGE 01 CARACA 10937 262132Z

64

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

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OPIC-12 DRC-01 /133 W

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R 261650Z DEC 73

FM AMEMBASSY CARACAS

TO AMEMBASSY BOGOTA

INFO AMEMBASSY LIMA

AMEMBASSY PORT OF SPAIN

AMEMBASSY QUITO

SECSTATE WASHDC 2216

C O N F I D E N T I A L CARACAS 10937

E.O. 11652: GDS

TAGS: ENRG VE

SUBJECT: NATIONALISTIC STANCE TOWARD FOREIGN OIL
COMPANIES

REF: BOGOTA 10033

1. URGING OTHER PRODUCER COUNTRIES IN LATIN AMERICA, NOTABLY ECUADOR, TO ADOPT NATIONALISTIC STANCE TOWARD OIL COMPANIES HAS LONG BEEN ELEMENT OF MINMINES PEREZ LASALVIA'S POLICY, AND WAS ONE OF FACTORS THAT LEAD HIM TO PROMOTE CREATION OF LATIN AMERICAN ENERGY ORGANIZATION (OLADE). ANOTHER IMPORTANT MOTIVATION IN OLADE WAS TO ATTEMPT TO MAKE PEREZ LA SALVIA AND VENEZUELA LOOK LIKE A LEADER IN LATIN AMERICA, THEREBY ADDING TO PEREZ'POLITICAL STATURE IN VENEZUELA AND HOPEFULLY PORTRAYING COPEI GOVERNMENT POLICIES AS BEING SO WISE AS TO MERIT EMULATION THROUGHOUT THE CONTINENT. YET ANOTHER PEREZ MOTIVATION WAS TO ENCOURAGE OTHER OIL EXPORTING NATIONS, SUCH AS ECUADOR, AND
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PAGE 02 CARACA 10937 262132Z

POTENTIAL EXPORTERS TO KEEP THEIR PRICES HIGH ENOUGH

NOT TO UNDERCUT COMPETITIVENESS OF VENEZUELAN OIL. PEREZ AND TECHNICAL LEVEL OFFICIALS IN HIS GOVERNMENT HAVE MADE CONSIDERABLE EFFORT TO INFORM OIL POLICY OFFICIALS OF OTHER OLADE PRODUCER COUNTRIES, ESPECIALLY ECUADOR AND TRINIDAD, AS TO NATURE AND MECHANISMS OF VENEZUELAN OIL POLICY AND THEIR USE IN INCREASING TAX TAKE FROM OIL COMPANIES. ECUADOR HAS ADOPTED NATIONALISTIC OIL POLICIES AND HIGH TAX TAKE (EVEN BEFORE ARAB BOYCOTT) BUT PROBABLY FOR ITS OWN REASONS. WE HAVE NOT PERCEIVED THAT VENEZUELAN ADVICE HAS YET HAD ANY EFFECT IN TRINIDAD.

2. PEREZ' OTHER MAIN MOTIVATION IN ESTABLISHING OLADE WAS TO ENCOURAGE OTHER LATIN AMERICAN NATIONS TO BUY MORE VENEZUELAN OIL AT HIGH GOING PRICE. THIS POLICY WAS COMPLETE FAILURE. PRIOR TO ARAB BOYCOTT, LATIN IMPORTING NATIONS DID NOT WISH INCREASE PURCHASE OF VENEZUELAN OIL BECAUSE IT WAS PRICED ABOVE COMPETING SUPPLIES FROM EASTERN HEMISPHERE. SINCE BOYCOTT, MANY OF THEM HAVE BEEN CLAMORING FOR VENEZUELAN OIL BUT THEY WISH TO HAVE IT AT PREFERENCIAL PRICES. VENEZUELA MAY HAVE TO YIELD TO THIS CLAMOR AND OFFER OIL TO LATIN NEIGHBORS AT PREFERENTIAL RATES. PRESIDENT ELECT CARLOS ANDRES PEREZ HAS INDICATED WILLINGNESS TO CONSIDER SUCH A POLICY.
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